



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

| | | | |
|-------------------------|----------------|----------------|-------------------------------|
| Bill # | SB0052 | Title: | Revise captive insurance laws |
| Primary Sponsor: | Cohenour, Jill | Status: | As Introduced |

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

| | <u>FY 2016</u> <u>Difference</u> | <u>FY 2017</u> <u>Difference</u> | <u>FY 2018</u> <u>Difference</u> | <u>FY 2019</u> <u>Difference</u> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Expenditures: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue | \$0 | \$0 | \$0 | \$0 |
| Revenue: | | | | |
| General Fund | \$40,375 | \$40,375 | \$40,375 | \$40,375 |
| State Special Revenue | \$10,125 | \$10,125 | \$10,125 | \$10,125 |
| Net Impact-General Fund Balance: | <u>\$40,375</u> | <u>\$40,375</u> | <u>\$40,375</u> | <u>\$40,375</u> |

Description of fiscal impact: SB 52 revises and clarifies Captive Insurance laws; provides a penalty for failure to file annual statements; and prorates distribution of taxes in the year of closure.

FISCAL ANALYSIS

Assumptions:

1. The bill requires a prorated premium tax in the year of closure instead of the minimum tax of \$5,000, decreasing annual general and state special revenue fund premium tax collections by \$16,625 (95% of total) and \$875 (5% of total), respectively for a total decrease of \$17,500 (assuming seven companies closing at an average final year tax of \$2,500 each).
2. The bill applies the \$100,000 maximum premium tax cap to individual series units, increasing annual general and state special revenue fund premium tax collections by \$57,000 and \$3,000, respectively (assuming each individual series member pays a tax of \$4,000 on \$1 million in premiums).
3. The bill expands the \$200 application fee to protected cells (estimated seven applications) and individual series units (estimated 33 applications), increasing state special revenue collections by \$8,000 (assuming 40 applications at \$200 each) annually.
4. The State Auditor's Office does not anticipate any increased expenditures as a result of the legislation.

| | <u>FY 2016</u> <u>Difference</u> | <u>FY 2017</u> <u>Difference</u> | <u>FY 2018</u> <u>Difference</u> | <u>FY 2019</u> <u>Difference</u> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Fiscal Impact:</u> | | | | |
| <u>Expenditures:</u> | | | | |
| Personal Services | \$0 | \$0 | \$0 | \$0 |
| Operating Expenses | \$0 | \$0 | \$0 | \$0 |
| TOTAL Expenditures | \$0 | \$0 | \$0 | \$0 |
| <u>Funding of Expenditures:</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$0 | \$0 | \$0 | \$0 |
| Other | \$0 | \$0 | \$0 | \$0 |
| TOTAL Funding of Exp. | \$0 | \$0 | \$0 | \$0 |
| <u>Revenues:</u> | | | | |
| General Fund (01) | \$40,375 | \$40,375 | \$40,375 | \$40,375 |
| State Special Revenue (02) | \$10,125 | \$10,125 | \$10,125 | \$10,125 |
| TOTAL Revenues | \$50,500 | \$50,500 | \$50,500 | \$50,500 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | | | |
| General Fund (01) | \$40,375 | \$40,375 | \$40,375 | \$40,375 |
| State Special Revenue (02) | \$10,125 | \$10,125 | \$10,125 | \$10,125 |

 1/6/15
Sponsor's Initials Date

 1/5/15
Budget Director's Initials Date